

CONTINENTAL AIRLINES INC /DE/  
Form 8-K  
December 23, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **December 22, 2004**

CONTINENTAL AIRLINES, INC.  
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE  
(State or Other Jurisdiction of Incorporation)

1-10323  
(Commission File Number)

74-2099724  
(IRS Employer Identification No.)

1600 Smith Street, Dept. HQSEO, Houston, Texas  
(Address of Principal Executive Offices)

77002  
(Zip Code)

(713) 324-2950  
(Registrant's Telephone Number, Including Area Code)

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

<input type="checkbox"/>	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
<input type="checkbox"/>	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Material Definitive Agreements.

On December 22, 2004, we entered into Compensation Reduction Agreements (the "Agreements") with Larry Kellner, our President and Chief Operating Officer, who will become Chairman of the Board and Chief Executive Officer on December 31, 2004, and Jeff Smisek, our Executive Vice President, who will become President on December 31, 2004. Pursuant to the Agreements, Mr. Kellner and Mr. Smisek have agreed to reduce their base salary and annual and long-term performance compensation by 25% and 20%, respectively, to surrender for cancellation that same percentage of their outstanding unvested stock options, restricted stock, RSUs (as defined in the Company's Long Term Incentive and RSU Program, as amended), and PARs (as defined in the Company's Officer Retention and Incentive Award Program, as amended) awards, and to decline their annual bonus, if earned, for 2004. Copies of the Agreements are filed herewith as Exhibits 99.1 and 99.2 and are incorporated herein by reference.

Our Executive Vice President - Marketing, Jim Compton, Executive Vice President and Chief Financial Officer, Jeff Misner, and Executive Vice President - Operations, Mark Moran, also signed similar Compensation Reduction Agreements agreeing to reduce their base salary and annual and long-term performance compensation by 20%, and to surrender for cancellation that same percentage of their outstanding unvested stock options, restricted stock, RSUs and PARs awards.

Item 9.01. Financial Statements and Exhibits.

a. Exhibits

- 99.1 Compensation Reduction Agreement for Larry Kellner
- 99.2 Compensation Reduction Agreement for Jeff Smisek

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Continental Airlines, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONTINENTAL AIRLINES, INC.

December 22, 2004

By /s/ Jennifer L. Vogel

Jennifer L. Vogel

Senior Vice President, General Counsel  
and Secretary

EXHIBIT INDEX

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